

The Intelligent Contact Center: Using Predictive Analytics to Generate Growth

Three customer communications experts discuss analytics for identifying and developing mission-critical customer contact strategies.

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Are you under the gun to drive profitable new growth? Are you exploring new ways to meet your revenue targets while at the same time deepening customer relationships and improving loyalty? Are you interested in turning your contact center into a profit center to better leverage this underutilized asset?

Companies in telecommunications, financial services and other industries are now focused on strengthening customer loyalty and maximizing the value of their customer relationships. As the pressure to improve customer value continues to intensify, corporate decision makers increasingly are turning to cross-sell and upsell programs to meet their objectives. Many times, the core channel of execution is the customer contact center.

But beware: While some companies are brilliantly executing against this strategy, many others are launching these efforts to the detriment of customer loyalty. This should send warning signals throughout the corporate world. If customers are not carefully cultivated, there will be no bountiful harvest.

Fortunately there are early indicators of this threat. If you are aware of them, you have the opportunity to course-correct and bring sensible management to your cross-sell/upsell programs – ensuring their alignment with your customer retention efforts.

At the heart of the most successful programs, you will find a profound commitment to predictive analytics. By capitalizing on the rigor of analytics, you can diligently avoid damaging actions and intelligently manage your most precious asset: your customers.

Six Warning Signs Your Cross-Sell and Retention Efforts May Be Misaligned

Here are six warning signs of a cross-sell/upsell program that may be misaligned with customer retention efforts – eroding customer lifetime value in the process. Use these to diagnose whether your organization has a problem – or use them as guidelines as you embark on a new initiative.

1. Service Levels Decreasing: Are your average speed of answer and handle rates suffering?

Possible culprits might include a product set that's not conducive to the phone channel or a sales script that's simply too long or convoluted.

2. Customer Satisfaction Metrics Decreasing: If customer satisfaction rates are declining, it could be that consultant soft skills (such as politeness and conversational abilities) aren't being employed readily enough during the sales portion of the call. First-call resolution might also suffer if consultants, in their eagerness to pitch products, forget the basics. Possible causes: lack of proper sales training, misaligned hiring models or poorly designed compensation arrangements.
3. Consultant Churn Increasing: Studies show that correlation can be drawn between customer loyalty and employee retention. It is therefore critical to ensure your best people are retained if you hope to retain your best customers. Possible causes of consultant/service rep churn: recruiting to the wrong skill sets, and competing/conflicting success metrics (simultaneously seeking lower talk times, while demanding increased upselling, for instance).
4. Customer Churn Increasing: Customer churn is a severe problem for companies to confront, as the "leaky bucket" is one of the fastest routes to corporate decline. Possible causes for churn in relation to cross-selling: buyer's remorse, inability to easily return/cancel a cross-sold product (so outright defection occurs as a last resort) or outright annoyance with the interaction.
5. Take Rates Lower Than Expected on Rollout: An indicator that cross-sell and retention efforts are not aligned is when new products and services don't generate anticipated results. Possible causes: over-pitching customers, "offer fatigue," price-point misalignment and no shared billing system to facilitate quick and streamlined charging to "card on file."
6. High Return Rates: An indicator that cross-sell/upsell efforts are harming customer relationships is when products get returned and services get cancelled. Possible causes: selling under false

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pretenses, lack of scripting and script adherence measurements, buyer's remorse, product/price-point misalignment, and, again, poorly designed rep compensation.

Recognizing these risk factors is the first step in overcoming or preempting their dire consequences. If executives are intent on developing cross-selling initiatives that are aligned with their customer retention objectives, they must remain true to the proven pillars of successful cross-sell/upsell programs.

Three Pillars of Successful Cross-Sell/Upsell Programs

To effectively manage cross-selling initiatives, there are at least three core factors that should be smartly addressed.

1. **Intelligent Call Routing and Communications:** A customer-initiated interaction is a powerful one. Assuming they are not about problems, such calls indicate that the customer problem indicates that the customer is considering options or, better yet, is ready to take an action. It is vital to intelligently route these calls to the appropriate consultant or service rep.

Interactive voice response (IVR) call pathing analysis shows how calls are routed – enabling you to connect the right customers with the right reps. Meanwhile response models help in understanding what offers are most relevant to what customers. Additional analytical tools can assist in such efforts. Market basket analysis, for instance, helps determine what a customer is most likely to buy next.

Unfortunately, too many companies fail to provide either the skills-based or product-based sales training necessary to ensure their people are prepared to act.

Skill-based training revolves around basic selling skills. As products (and product bundles) become increasingly complex, it's vital to have consultative selling skills

– capable of guiding the customer through a difficult decision involving multiple issues or factors. Contact center professionals are unable to effectively cross-sell or upsell without these skills. They waste time on the phone and annoy prospective customers – even pushing them closer to defection. Similarly, service reps without product selling skills run the risk of drawing prospects into irrelevant and ineffective conversations.

The key to success is enabling reps to specialize. It is impractical to think sales consultants can become proficient at selling a

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wide portfolio of products. Rather, it's more effective to let them focus on a subset of products and then allow predictive analytics to route qualified prospects to the appropriate sales professionals.

2. **Controlled Cross-sell/Upsell:** Some companies make the mistake of believing you should be pitching all products all the time to all customers. That's a great way to put a stake through the heart of customer loyalty. Rather, it makes sense to engage in contact frequency (or periodicity) analysis. That's an approach that enables you to understand the periodic intervals by which a cross-sell offer is likely to be successful. Pitch too often and your offers will fall on deaf ears or, worse, offend the customer.

Rather than pitching a customer on every call, it may make basic sense to periodically thank them for their patronage. Another great way to end a call: "Is there anything else I can help you with?"

Situational selling is also essential to success. This approach recognizes that it's vital to handle calls in appropriate ways.

You wouldn't try to sell a cell phone or a mutual fund to a dissatisfied customer who is dangerously close to defection. Rather, you would present offers that revolve around retention and encourage loyalty (e.g., a better price plan). Conversely, you wouldn't want to pitch a mutual fund or family vacation getaway to a 19-year-old, nor a high-end item to someone calling in with a poor payment history.

Cross-sell intervals are another important consideration. In some cases, cross-sell offers should be taken off the table for a sensible period (perhaps 60-90 days), particularly when there's an indication of customer dissatisfaction that precipitated a call. On the other hand, analytics might encourage a shorter interval for customers who recently accepted an offer for another product, suggesting receptiveness to new offers and phone channel purchases.

Finally, it's important to ensure offer consistency by channel (e.g., live-agent phone, chat and self-help) and call type (e.g., sales, retention, technical support and billing). This means that everyone has access to the same bucket of offers. That said, reps should have certain treatments prioritized for relevancy to their role. For instance, the retention desk might have the richest save offers, but generally wouldn't be pitching product upgrades.

3. **Metrics, Monitoring and Realignment:** In terms of incentives and measurement, several factors must be addressed if a cross-sell initiative is to achieve its objectives. It's critical to assess the situation accurately and reward behavior that you want to encourage.

First, you must measure product-level and account-level churn. Imagine you're a telecommunications company that sells the "triple play" of phone, cable TV and Internet service. If one of those products is dropped by a customer, it's a product-level churn issue. If all three are dropped, it's an account-level churn issue. These post-sales metrics are "lagging indicators" of a possible problem

with cross-selling behavior and must be monitored carefully.

There are “leading indicators” to consider as well. Examples include “pitch rates” (e.g., the frequency by which the product was offered), close rates and “script compliance” (to determine whether reps are presenting the product correctly – and legally).

Service-level agreements (SLAs) such as talk times, speed of answer and handle rates are also important to analyze. If you are putting a cross-sell/upsell program in place, it’s important to make allowances for successful calls that are likely to run longer. The last thing you want to do is discourage a successful interaction because of a single-minded focus on talk times. If these allowances are factored in, one can still measure contact center performance by SLA. Without allowances, the rep is faced with conflicting messages.

A third relevant factor is compensation planning. Paramount is carefully assessing the right way of rewarding reps. One of the most significant issues to address is the window for compensation. Are the rewards virtually immediate or are they spread over a period of weeks and months to allow for returns, cancellations and nonpays? How is compensation affecting cross-selling and upselling behavior? How is it affecting churn? If one rewards reps improperly, the reps are liable to improperly push products and cause churn. It is critical to ensure that incentives are aligned with the behavior you want to encourage – and enable you to get the results you want to achieve.

One early litmus test to determine if your cross-selling efforts are on track is to survey your reps as the program proceeds to see if they think they are “selling” or “adding

value.” If they answer with the latter, you are well on your way!

Competing on Analytics

The pillars of effective cross-selling are strengthened and enhanced by the effective application of predictive modeling and analytics.

In the book *Competing on Analytics*, Tom Davenport and Jeanne Harris posit that analytical strategy can offer a competitive advantage: “At a time when companies in many industries offer similar products and use similar technology, distinctive business processes count among the last remaining points of differentiation.”

They note that prior sources of advantage – geography, protective regulation, proprietary technology – are eroding. “That leaves three things as the basis for competition: efficient and effective execution, smart decision making, and the ability to wring every last drop of value from business processes – all of which can be gained through the sophisticated use of analytics,” they add.

This point is particularly true when it comes to contact centers engaged in cross-selling and retention efforts. The key is to use analytical insight to ensure strategic objectives are appropriate, properly aligned and effective. Several analytical tools can help:

- IVR Pathing identifies how to most effectively manage call paths using interactive voice response systems.
- Response Modeling determines which customers are buying through which channels – and assesses their response to various campaigns/interactions.
- Market Basket Analysis determines the “next best product” that the customer might value and purchase.
- Contact Frequency Analysis assesses the right frequency for making new offers.

- Pricing Analysis establishes the relevant price points that will encourage a customer to buy.
- Churn Modeling identifies a customer’s propensity to churn or defect.
- Customer Lifetime Value Analysis establishes the actual and potential value of individual customers so they can be managed appropriately.
- Campaign Evaluation measures the effectiveness of the marketing message and its delivery.

Through the proper linkage of such disciplined analytical work to the pillars of call routing, controlled cross-selling and appropriate measurement, companies can expect to see improvement in key operational performance metrics such as improved SLA compliance within the contact center, increased operational efficiencies, elevated customer satisfaction scores, shorter time to problem resolution, enhanced measures of customer lifetime value, increased customer retention, and measurable financial return on marketing investments.

Ultimately many companies must distinguish themselves through their customer interactions. If your company is looking for ways to generate growth through its contact center, the customer experience is probably one of the areas on which you are focusing. By capitalizing on the power of predictive analytics, you can differentiate your company at the point of customer connection.

Companies that fail to do so – allowing loyalty to erode – will eventually crash in today’s hyper-competitive economy. But if you take into account all the key success factors of intelligent cross-selling and apply them in parallel, you are on your way to driving profitable new growth while retaining your most profitable customers.

More information and additional material can be found online at

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